

UNITED PRESS INTERNATIONAL
15 September 1985UPI
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WASHINGTON

An Indiana publisher, a Houston developer and a former top CIA official say they represent separate investor groups that are bidding to buy United Press International.

Investment advisers for the 78-year-old wire service, operating under Chapter 11 bankruptcy protection, also expect a number of other responses to a Monday deadline for "expressions of interest" from would-be buyers.

During a court hearing Friday, Richard Levine, a bankruptcy attorney for UPI, said the initial response to a company prospectus offering circulated to more than 100 parties has been "extremely gratifying."

Beurt SerVaas, chairman of the Indianapolis-based Curtis Publishing Co., acknowledged in a telephone interview last week that he is representing a previously unidentified investor group that submitted a \$13.9 million to \$17.9 million offer July 1. That offer received no formal response and was allowed to expire on July 15.

SerVaas, who with his wife, Cory, bought and revived the Saturday Evening Post in 1971, said they would invest in UPI as individuals, not on behalf of Curtis Publishing. He declined to identify the other member or members of his group.

"If we're a successful bidder, we'll be required to make those disclosures to the court," he said. "Until that time, I don't think it's a requirement, and these people would rather not have all of the attendant publicity for no reason."

SerVaas, a publisher and industrialist who serves as president of the Indianapolis City Council and as head of the state commission for higher education, said the latest offer would not "differ materially" from the July proposal.

He said his investor group wants to retain UPI as a general news service, but that his partners are "interested in UPI not just as a straight wire service, but ... to develop feature material."

He said he would be willing to discuss a stock-sharing or profit-sharing plan with UPI employees, who accepted 25 percent wage cut in 1984 to keep the company afloat. UPI's management has asked the employees to accept a new round of wage and benefits concessions.

Joseph Russo, a Houston developer, said he is assembling a nationwide group of investors to try to purchase the wire service. "We will be one of the more serious bidders," he said.

Russo said he has dropped ideas of moving the wire service's headquarters from Washington to Houston to help boost the Texas economy and fill some of his vacant office space.

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Russo, who said his company manages a portfolio of property valued at nearly \$1 billion, said he sees UPI as "an opportunity to become involved in what I call an information utility company."

Eugene Keilin, an investment banker with the New York firm of Lazard Freres, said he has been hired to represent Russo's group and already has contacted the Wire Service Guild, representing 750 of UPI's domestic employees, in an effort to cut a deal.

The union announced last week it had hired New York investment adviser Brian Freeman, who along with Keilin represented TWA's unions in helping select the airline's new owner, Carl Icahn. The Guild, while participating in a joint effort with management, won court approval to propose its own reorganization plan.

Keilin said Russo's bid would include "an offer of participation by the employees."

"He is, if judged by his interests and his capacity, one of the most serious potential purchasers," Keilin said, but declined to disclose the amount of Russo's bid.

Max Hugel, a New Hampshire businessman who served as an assistant CIA director during President Reagan's first term and as a Reagan-Bush campaign adviser, said recently he also plans to submit an offer.

Hugel said he is "involved in many communications companies" and he believes "UPI is probably the best information service ... that is available to be had." He said his group planned to provide \$5 million to \$10 million in operating funds and hoped to improve UPI's marketing approach, but declined to say how much he would offer.

Hugel is chairman of Maxcell Telecom Plus, a cellular telephone company, and of Max Hugel Enterprises. He is a part owner of the Rockingham Park racetrack in New Hampshire.

Hugel resigned as the CIA's covert operations chief amid allegations he passed inside stock trading information to two men he had lent money, but later won a defamation of character suit against the pair when they failed to appear in federal court.

While declining to disclose the source of his funds or the names of his co-investors, he said the CIA has nothing to do with his interest in UPI. "When you're out, you're out," Hugel said.

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Another offer may come from the British-based Reuters news agency. An earlier bid by Reuters was rejected by a committee of UPI's unsecured creditors, owed more than \$27 million, as too low, and was opposed by management because it would not have retained UPI as a full news service.

In addition, individual entrepreneurs are expected to submit bids.

One individual, Robert Cunningham of Pawleys Island, S.C., recently sent a letter to U.S. Bankruptcy Judge George Bason proposing creation of an employee stock ownership trust.

Cunningham, who said he left his job as a CIA operative in 1964, also denied the intelligence agency had any connection with his offer.

Cunningham, who proposed to assemble an investor group to take a 25 percent ownership share, asserted an employee trust could borrow enough money to cut a deal with creditors and finance creation of a news/advertising supplement for daily newspapers that would generate operating funds for UPI. He said federal tax laws provide substantial breaks for employee stock ownership plans.

Jeff Peterson, an investment banker with the Los Angeles office of Bear, Stearns and Co., stressed that Monday's deadline does not call for binding offers and compared it to "the first cut in a golf tournament."

He noted that UPI has reserved the right to accept any other attract offers that might be submitted after the deadline, which was set to speed the sale process.